

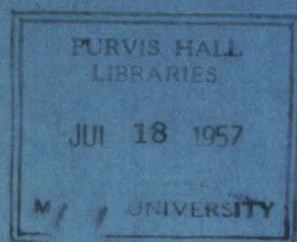
ANNUAL REPORT

—OF THE—

CANADIAN NATIONAL RAILWAY
SYSTEM

FOR THE YEAR ENDED DECEMBER 31, 1937

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ANNUAL REPORT

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CANADIAN NATIONAL RAILWAY SYSTEM

FOR THE YEAR ENDED DECEMBER 31, 1937

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EUROPEAN SECRETARY AND TREASURER..... A. H. CONEYBEARE..... LONDON

CANADIAN NATIONAL RAILWAYS

Montreal, March 18th., 1938.

The Honourable C. D. Howe, M.P.,
Minister of Transport,
Ottawa.

Sir,

In conformity with sections 14 and 15 of The Canadian National-Canadian Pacific Act, 1936, the Board of Directors submits the following report of the operations of the Canadian National Railways for the calendar year 1937.

RESULT OF OPERATIONS

	1937	1936	Increase or Decrease
Operating Revenues	\$198,396,608.61	\$186,610,489.38	\$11,786,119.23
Operating Expenses	180,788,858.09	171,477,690.07	9,311,168.02
Net Operating Revenue	\$ 17,607,750.52	\$ 15,132,799.31	\$ 2,474,951.21
Operating Ratio	91.12%	91.89%	
Net of Other Income and Profit and Loss Requirements	9,320,522.24	8,723,888.05	596,634.19
Net Available for Interest	\$ 8,287,228.28	\$ 6,408,911.26	\$ 1,878,317.02
Interest on Funded Debt held by Public	48,888,545.56	49,184,622.87	296,077.31
Interest on Government Loans	1,744,550.71	527,682.21	1,216,868.50
Cash Deficit	\$ 42,345,867.99	\$ 43,303,393.82	\$ 957,525.83

Operating Revenues

Gross operating revenues totalled \$198,396,609, an increase over the preceding year of \$11,786,119, or 6.32%, thus maintaining the progressive gain in revenues from the low point of \$148,519,742 in 1933. While all of the expected improvement in revenue did not materialize, due largely to crop conditions and also to the sharp business recession in United States territory in the latter part of the year, the increase of 6.32% compares favourably with the showing of United States Class 1 railroads which reported increased revenues of 2.8% over 1936.

Freight revenues increased by \$8,308,097, or 5.7%. There was an increase in tonnage on all regions except the Western Region. A statement of revenue tonnage by commodities appears on pages 24 and 25. System grain tonnage decreased by 1,948,790 tons. There were no major freight rate changes during the year in Canada. Due to cancellation on December 31, 1936, by the Interstate Commerce Commission of emergency charges applying on United States and international traffic, the system freight revenues were reduced by approximately \$2,000,000 as compared with 1936. To a small extent this decrease was offset by rate increases authorized by the Commission under order dated October 19, 1937.

Passenger revenues increased by \$1,923,021, or 11.3%. There were no important changes in basic passenger fares. The additional air-conditioned equipment placed in service during the year had a favourable effect upon passenger revenues. The programme of air-conditioning, referred to in the 1936 annual report, is progressing actively. At December 31, 1937, there were 253 air-conditioned units in service. The programme for the year 1938 provides for an additional 163 units. Air-conditioned cars operated by the Pullman Company over Canadian National lines number 53. Low fare coach excursions continued to be popular.

Commercial telegraph revenue increased \$475,682, or 10.8%; Express revenue increased \$438,181, or 4.9%; Mail revenue increased \$149,043, or 4.4%.

Operating Expenses

Operating expenses for the year totalled \$180,788,858. A summary will be found on page 14 and details on pages 15 to 17.

Maintenance of Way and Structures expenses decreased \$2,586,618 as compared with the previous year; Maintenance of Equipment increased \$5,942,223; and Transportation \$5,405,786.

The increase of all operating expenses over those of the preceding year was \$9,311,168. Increased rates of pay, to which reference is made in another section of this report, accounted for \$2,800,000, and increases in prices of materials accounted for \$3,500,000. The programme of maintaining and of modernizing rolling stock was augmented during the year, resulting in additional charges to Maintenance of Equipment expenses of \$2,500,000, the benefit of which will be reflected in subsequent years. Equipment retirement charges to operating expenses increased over the preceding year by \$730,000. There was a reduction in expenses due to the elimination of the Unemployment Relief Maintenance of Way Programme of \$1,015,000, and flood damage and snow removal costs were \$528,000 less than in 1936.

The property has been efficiently maintained having regard to traffic requirements. The moderate increase in expense which resulted from the increase in traffic, apart from changes in wage rates and prices of materials, can be considered as satisfactory. The traffic in 1937 was handled at a lower operating ratio than in 1936 notwithstanding those increases in wage rates and prices of materials. The improvement in the net operating revenue was \$2,474,951.

It may be noted that Class 1 Roads of the United States with an increase in traffic of 2.8% had an increase in expense of 6.4%. The Canadian National had an increase in traffic of 6.3% with an increase in expense of 5.4%.

Net of Other Income and Profit and Loss Requirements

The accounts grouped together under this heading increased by a total of \$596,634 over 1936.

Taxes: Taxes amounted to \$6,697,242 compared with \$6,743,147 in 1936. These figures are exclusive of sales tax added to the cost of materials, which cost the railway in 1937 approximately \$4,200,000.

Hotels: The revenues from hotel operations continued to improve and resulted in an operating income for the year of \$200,087 after providing for taxes; an increase of \$40,070 over 1936.

Equipment Rentals: Equipment rentals increased \$555,000.

Northern Alberta Railways (jointly owned by Canadian National-Canadian Pacific): The operating revenues increased from \$2,029,371 to \$2,504,001, an increase of \$474,630. The net revenue increased from \$313,640 to \$756,579, an increase of \$442,939. After meeting interest requirements, the net loss for the year was \$912,233, an improvement over 1936 of \$345,239. The proportion of the net loss assumed by the Canadian National, namely one-half, was \$456,116, a decrease of \$172,619.

Interest Charges

Interest on funded debt held by the public

The total requirements for 1937 were \$48,888,546 as compared with \$49,184,623 for 1936, a decrease of \$296,077, the reduction being due to the refunding at lower rates of interest of issues maturing or called for redemption in 1936.

Interest on Government loans

Interest payments by the railway to the Government on loans for capital purposes and on temporary advances for refunding purposes amounted to \$1,744,550 as compared with \$527,682 in 1936. Prior to 1937 interest was not paid on Government loans for capital purposes. Following passage of The Canadian National Railways Capital Revision Act, 1937, the Government adopted the policy of collecting from the railway in cash the interest on all such loans made since January 1, 1932. As a result of this change of policy the railway was required to pay in cash for such interest accrued during 1937 the additional sum of \$1,684,753.

The total interest payments during the year were \$50,633,096 as compared with \$49,712,305 in 1936.

Cash Deficit

It will be noted from the foregoing that after payment of all operating expenses the net operating revenue of the railway for the year 1937 was \$17,607,750, an increase of \$2,474,951 over the previous year. After payment of taxes, rentals, discount and all other charges of every description, excepting only capital losses from line abandonments charged to Proprietor's Equity, the net income available for interest was \$8,287,228, an increase of \$1,878,317 over the previous year. After applying such net income against the interest on funded debt due to the public, and interest on Government loans as above referred to, there was a deficiency of \$42,345,867 as compared with \$43,303,393 in 1936. Had the change of policy referred to in the preceding item not taken place the cash deficit for 1937 would have been \$40,661,114.

CAPITAL EXPENDITURE ACCOUNT

The net expenditures on property investment account for the year 1937 amounted to \$20,874,664 made up as follows:—

Rolling stock purchased or built.....	\$17,876,343
Rebuilding of freight and passenger equipment.....	871,868
Air-conditioning passenger cars.....	815,099
Senneterre-Rouyn Branch Line.....	3,132,883
Vancouver Hotel.....	214,388
Reconstruction of Saint John River Bridge, Fredericton, N.B.....	551,757
General Additions and Betterments, less Retirements (Net).....	4,949,086
Equipment Retirements—Credit.....	7,536,760
	<u>\$20,874,664</u>

Construction of the Senneterre-Rouyn branch line authorized by Chapter 26, 1936, is continuing. During 1937 rail was laid on 10.86 miles of track from Rouyn to the Kenojevis River and on 41.20 miles of track from Senneterre to the Lemoine Narrows bridge, leaving a distance of 48 miles on which rail remains to be laid. Effective November 29, 1937, that portion of the line between Senneterre and Val d'Or, a distance

of 37 miles, was opened for operation under authority of the Board of Railway Commissioners. It is expected that the entire branch will be completed and in operation during 1938.

Owing to the limited purchases of new rolling stock in recent years, as well as growing traffic requirements, it was necessary to purchase the following additional equipment during the year: 3,000 Box Cars; 400 Refrigerator Cars; 400 Gondola Cars; 200 Automobile Cars; 49 Flat Cars; 30 Sand Cars; 50 First Class Air-Conditioned Passenger Coaches; 10 Mail and Express Cars; 10 Baggage Cars; and 15 Snow Plows.

The following table shows the new equipment delivered each year from 1928 to 1937 inclusive:—

Year	Locomotives	Freight Train Cars	Passenger Train Cars	Work Equipment Units	Total
1928.....	10	360	72	40	482
1929.....	76	5,757	91	46	5,970
1930.....	69	4,934	76	16	5,095
1931.....	23	4,301	11	4	4,339
1932.....	1	—	—	—	1
1933.....	—	500	—	—	500
1934.....	—	—	—	—	—
1935.....	—	61	—	2	63
1936.....	15	1,219	—	10	1,244
1937.....	—	3,769	60	2	3,831
	194	20,901	310	120	21,525

FINANCE

Retirement of Obligations

Expenditures for the retirement of capital obligations, including sinking fund and equipment trust principal payments, amounted to \$6,752,792.

New Issues

Under authority of the Canadian National Railways Refunding Act, 1935, an issue of Canadian National Railway Company Dominion Guaranteed Bonds was made dated February 1, 1937, the proceeds therefrom being used to retire temporary loans made by the Government in 1936 for refunding. The issue comprised:

\$15,500,000 2¼% seven-year bonds; sold at 98.75% at an annual cost of 2.46%.

\$20,000,000 3% fifteen-year bonds; sold at 98.75% at an annual cost of 3.11%.

An issue of \$14,300,000 Canadian National Railways 2½% Equipment Trust Certificates, Series "O" 1937, was made to provide for the payment of part of the purchase price of new equipment costing over \$19,000,000. The certificates, which mature serially in ten annual instalments, were sold at 98.62%, the annual cost to the railway being 2.82%.

GENERAL

Employees, Wages, Etc.

The average number of employees in service during the year was 79,471, as compared with 78,836 in 1936. The total payroll expense for 1937 was \$117,804,769 as compared with \$111,221,129 in 1936, an increase of \$6,583,640 or 5.92%.

Reference was made in last year's report to the establishment of Boards of Conciliation and Investigation to consider the employees' requests for the removal of the 10% wage deduction on lines in Canada. On February 1, 1937, the Canadian Pacific and Canadian National Railways concurrently put into effect the first of the recommendations of the Board which dealt with the main dispute, providing for the reduction of the deduction from 10% to 9%. The representatives of the employees continued their demands for an agreement which would completely remove the wage deductions which had been in effect under various agreements from December 1, 1931. The general rate of deduction had been 15% during 1934, and for the Running Trades and Telegraphers the deduction was 20% for six months in 1933. The general 15% deduction, by agreement of November 3, 1934, became 12% on January 1, 1935, and 10% on May 1, 1935.

The managements of the two railways on March 29, 1937, reached an agreement with the employees which provided for gradual reduction of the general rate of wage deduction, the deduction becoming 8% on April 1, 1937; 7% on June 1; 6% on August 1; 5% on October 1; 4% on December 1. The deduction became 2% on February 1, 1938, and basic rates are to be restored on April 1, 1938. Employees subject to other rates of deduction were dealt with by arrangements reducing the deductions proportionately.

Early in the year negotiations were entered into between a Committee of Chief Executive Officers representing the various railway labour organizations in the United States and a National Carriers Conference Committee representing the railways to consider demands on the part of the labour organizations for increased rates of pay. Negotiations having broken down the National Mediation Board offered its services, which were accepted, and as a result agreements were reached increasing the rates of employees, other than

those engaged in engine and train service, by five cents per hour from August 1, 1937, and of employees engaged in engine and train service by five and one-half cents per hour from October 1, 1937. Canadian National United States lines became obligated for these increases together with all other United States railroads.

Canadian National Pension Plans

Under the various pension plans in effect on the system, 801 employees were pensioned during the year; pensioners numbering 394 died; pensioners numbering 649 who had served on Canadian National United States lines and had been pensioned under Canadian National pension plans were transferred during the year to the United States Railroad Retirement Board, reducing the system pension rolls at the time of transfer by approximately \$37,000 per month. The number on pension at December 31, 1937, under Canadian National pension plans totalled 6,287.

United States Railroad Retirement Plan

United States carriers and labour organizations reached an agreement with regard to a plan providing for annuities to employees upon retirement, to which effect was given by the enactment of the Railroad Retirement Act and the Carriers' Taxing Act, approved June 24, 1937, and June 29, 1937, respectively.

Under the new legislation, which repealed the former Taxing Act, and effective January 1, 1937, 2 $\frac{3}{4}$ % was withheld from employees' wages and an equal amount is being paid by the railways. The tax rates are progressive, becoming fixed at 3 $\frac{3}{4}$ % in 1949. The amount of the tax payable by the National System in 1937 was \$515,000.

United States Social Security Act

The National System in the United States is subject to Federal and State legislation dealing with unemployment insurance, also to Federal legislation dealing with old age pension benefits for employees other than those covered by the Railroad Retirement Plan. The cost to the system in 1937 under such legislation was \$459,000.

Trans-Canada Air Lines

In accordance with the authority contained in The Trans-Canada Air Lines Act, 1937, the Canadian National Railway Company subscribed for the entire capital stock of Trans-Canada Air Lines, consisting of fifty thousand shares of one hundred dollars per share. To December 31, 1937, calls aggregating seventeen per cent (\$850,000) of the stock have been met.

The affairs of Trans-Canada Air Lines are dealt with in a separate report.

Canadian National Railways—Capital Revision

At the last session of Parliament an Act was passed, being Chapter 22 of the Statutes of 1937, to provide for cancellation of capital stocks and certain indebtedness of the Canadian National Railway System to His Majesty and for adjustment of the accounts of the system. All the things required by that Act to be done have been done. The previously outstanding capital stock of the Canadian National Railway Company (formerly Grand Trunk Railway Company of Canada) having a par value of \$180,424,327.70 has been surrendered by the Dominion and cancelled. \$82,000,600 of the outstanding capital stock of The Canadian Northern Railway Company has been surrendered by the Dominion and cancelled. The remainder of the outstanding stock of the Canadian Northern Company, amounting to \$18,000,000, has been transferred from the Dominion to the Canadian National Railway Company in exchange for one million no par value shares of the latter company being its entire issued share capital. The capital stock of The Canadian National Railways Securities Trust, consisting of five million shares of no par value, has been issued as consideration for the transfer to the Securities Trust of the indebtedness of the railway system to the Dominion as set out in Schedule A of the Act and of the collateral securities held in respect thereof.

Adjustment of the balance sheet accounts of the system has been made as of January 1, 1937, and for purposes of record the 1936 published accounts as adjusted in conformity with the provisions of the Act are shown on page 29 of this report.

The adjustments authorized by the Act were entirely confined to the relationship between the Government and the railway, and did not deal in any way with the large funded debt of the system in the hands of the public.

Co-operation

During the year the directors reviewed the field of co-operation with the Canadian Pacific Railway and enlarged the scope of their studies. The co-operative activities related to matters previously studied but largely to the study of the abandonment of functionally duplicate lines of railway and the preparation of detailed agreements in regard to those lines where an abandonment had been recommended by the Joint Co-operative Committee and approved by the Joint Executive Committee. A total of 637 miles of line have been so approved for abandonment and with regard to most of these lines the preparation of detailed agreements is actively in hand. Agreements have been completed in the case of the Canadian National line

between Middleton and Bridgetown and the Canadian Pacific line between Linwood and Listowel. In each of these cases the company whose line is abandoned is withdrawing all service from the territory. Applications to the Board of Railway Commissioners in these two cases are in hand. Studies of 1,550 miles of other functionally duplicate lines are still in progress.

The outstanding achievement in co-operation was the completion, after prolonged and difficult negotiations, of an arrangement for the closing of the Canadian Pacific Company's hotel in Vancouver and the joint operation of the new Canadian National hotel in that city. This arrangement will become effective when the Canadian National hotel has been completed and furnished, which it is expected will be in 1939. Such arrangement it is expected will reduce capital expenditure and produce an operating return for both companies.

Competition

One of the pressing problems in the transport situation is the placing of highway and inland water competition on a fair and equitable basis in relation to the railways. The directors are gratified to observe that the Parliament and Legislatures of Canada are giving consideration to this serious problem.

General Outlook

The immediate outlook for railway revenues is obscured by several factors, principally the marked recession in business in the United States, the disturbed international situation and the cumulative effect of a series of adverse crop conditions in portions of Western Canada. None of these factors is within the control of railway management, and so long as they continue to be adverse, railway revenues must be expected to remain at relatively low levels. Fundamentally, the National System is well equipped to take immediate advantage of any improvement in world conditions which will tend to stimulate the trade upon which the prosperity of the railway depends. Pending such developments the railway is continuing to render the transportation service which is necessary for the country in the most economical manner.

The effect of increased productivity in Canada upon the future revenues of the National System does not require to be stressed. An increase in productivity in any form of industry, including agriculture, at once reflects itself in the earnings of the system; and decreases in the volume of production affect seriously the gross revenues of the railway. The gross revenues of the Canadian National from the transportation of grain grown in Western Canada in the years 1925-1934 inclusive averaged \$22,000,000 per annum, the tons of grain carried averaging 5,000,000 during that ten-year period. The comparable figures for the past three years have been as follows:

Year	Tons Carried	Revenue
1935.....	3,720,944	\$15,409,810
1936.....	3,915,606	15,777,702
1937.....	2,356,656	9,643,572

It will be noted that the gross revenues of the railway from the movement of Western Canada grain in 1937 were only 44% of those obtained on the average during the ten-year period ending in 1934. The general prosperity of the country resulting from good crops contributes even more substantially to the earnings of the railway.

The loyal and efficient service of officers and employees, and the patronage extended to Canadian National Railways by the public during the year 1937 is acknowledged.

For the Board of Directors,



Chairman.

CONSOLIDATED BALANCE SHEET

ASSETS			
INVESTMENTS:			
Investment in Road and Equipment	\$1,849,929,232.68		
Improvements on Leased Railway Property	4,371,294.37		
Miscellaneous Physical Property	60,638,487.47	\$1,914,939,014.52	
Sinking Funds:			
System Securities at par	\$ 286,023.70		
Other Assets at cost	250,946.04	536,969.74	
Deposits in lieu of Mortgaged Property Sold:			
System Securities at par	\$ 736,000.00		
Other Assets at cost	4,781,297.51	5,517,297.51	
Investments in Affiliated Companies		32,536,875.31	
Other Investments		786,591.88	\$1,954,316,748.96
CURRENT ASSETS:			
Cash		\$ 6,461,371.47	
Special Deposits		8,352,772.10	
Traffic and Car-Service Balances Receivable		1,175,088.44	
Net Balances Receivable from Agents and Conductors		4,254,315.61	
Miscellaneous Accounts Receivable	\$ 4,683,620.73		
Dominion Government—Balance due on Deficit Contributions..	11,462,368.75	16,145,989.48	
Material and Supplies		29,494,390.34	
Interest and Dividends Receivable		207,524.94	
Rents Receivable		53,194.50	
Other Current Assets		514,964.02	66,659,610.90
DEFERRED ASSETS:			
Working Fund Advances		\$ 203,687.43	
C.N.R. Insurance Fund:			
System Securities at par	\$ 4,651,380.37		
Other Assets at cost	7,208,911.22	11,860,291.59	
Other Funds		18,256.25	
Other Deferred Assets		6,237,025.37	18,319,260.64
UNADJUSTED DEBITS:			
Rents and Insurance Premiums paid in advance		\$ 253,641.24	
Discount on Capital Stock		189,500.00	
Discount on Funded Debt		11,627,825.14	
Other Unadjusted Debits		3,626,054.60	15,697,020.98
			<u>\$2,054,992,641.48</u>

CERTIFICATE

We have examined the books and records of the companies comprising the The investments in properties and equipment appearing in the books of the The accounts of the System are stated in Canadian currency—Sterling and Depreciation Accounting is applied to rolling stock owned by United States basis of original cost to other units of property on the System.

Subject to the foregoing and our report to Parliament, we certify that, in to exhibit a true and correct view of the affairs of the System as at the for the year ended the 31st. December, 1937 are correctly stated.

10th. March, 1938.

AT 31st. DECEMBER, 1937.

LIABILITIES

STOCKS:

Capital Stocks of Subsidiary Companies owned by Public.....		\$ 4,583,800.00
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LONG TERM DEBT:

Funded Debt Unmatured.....		1,221,997,398.79
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DOMINION OF CANADA (Accounts treated as assets in Public Accounts of Canada):

Loans.....	\$ 62,480,567.10	
Canadian Government Railways—Working Capital.....	16,771,980.54	79,252,547.64

CURRENT LIABILITIES:

Traffic and Car-Service Balances Payable.....	\$ 2,888,924.65	
Audited Accounts and Wages Payable.....	8,634,388.34	
Miscellaneous Accounts Payable.....	2,349,340.61	
Interest Matured Unpaid.....	8,373,968.66	
Funded Debt Matured Unpaid.....	309,918.03	
Unmatured Interest Accrued.....	9,699,037.82	
Unmatured Rents Accrued.....	406,539.60	
Other Current Liabilities.....	1,085,682.73	33,747,800.44

DEFERRED LIABILITIES:

		3,676,834.52
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UNADJUSTED CREDITS AND RESERVES:

Tax Liability.....	\$ 1,811,257.52	
C.N.R. Insurance Reserve.....	11,860,291.59	
Accrued Depreciation—U.S. Lines.....	16,905,726.71	
Other Unadjusted Credits and Reserves.....	5,626,956.42	36,204,232.24

DOMINION GOVERNMENT—PROPRIETOR'S EQUITY (See Note)

Represented by:—

1,000,000 shares of no par value capital stock of Canadian National Railway Company issued in exchange for the residual value of Canadian Northern capital stock.....	\$ 18,000,000.00	
5,000,000 shares of no par value capital stock issued by Securities Trust to the Government in consideration for the transfer of securities, advances, claims for unpaid interest and collateral securities (See Page 12).....	269,325,705.67	
Dominion Government Capital Expenditures for Canadian Government Railways..	388,204,322.18	675,530,027.85

FOR CONTINGENT LIABILITIES SEE PAGE 21.

		<u>\$2,054,992,641.48</u>
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NOTE:—The Proprietor's Equity is included in the net debt of Canada and is to be disclosed in the historical record of Government assistance to railways to be shown in the Public Accounts of Canada in accordance with The Canadian National Railways Capital Revision Act, 1937.

T. H. COOPER,
Comptroller.

AUDITORS

Canadian National Railway System for the year ended the 31st. December, 1937.

Companies as at the 1st. January, 1923 were accepted by us.

United States currencies being converted at the par of exchange.

Assets and to certain fixed property, and Retirement Accounting is applied on the

In opinion, the above Consolidated Balance Sheet is properly drawn up so as
at. December, 1937 and that the relative Income and Profit and Loss Accounts

GEORGE A. TOUCHE & CO.,
Chartered Accountants.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st. DECEMBER, 1937.

DEBITS:

Debit balance transferred from Income		\$ 42,028,654.43
Debits from Retired Road and Equipment:		
Line Abandonments	\$ 711,732.21	
Other Property retired and not replaced	1,562,478.78	2,274,210.99
Miscellaneous Debits		302,940.29
		\$ 44,605,805.71

CREDITS:

Credits from Retired Road and Equipment		\$ 30,144.73
Donations		108,961.79
Miscellaneous Credits		1,409,098.99
		\$ 1,548,205.51
Line Abandonments as above, charged to Proprietor's Equity	\$ 711,732.21	
CASH DEFICIT, Contributed by Government	42,345,867.99	\$ 43,057,600.20

DOMINION GOVERNMENT—PROPRIETOR'S EQUITY

	Balance at 1st. Jan., 1937. (See Page 29)	Change during year (See Page 18)	Balance at 31st. Dec., 1937.
Canadian National Railway Company, Capital Stock	\$ 18,000,000.00	\$	\$ 18,000,000.00
Canadian National Securities Trust, Capital Stock	270,037,437.88	711,732.21	269,325,705.67
Dominion Govt. Capital Expenditures for Canadian Govt. Railways	388,290,263.52	85,941.34	388,204,322.18
	\$676,327,701.40	\$ 797,673.55	\$675,530,027.85

CONSOLIDATED INCOME ACCOUNT

	Year 1937	Year 1936
Railway Operating Revenues.....	\$198,396,608.61	\$186,610,489.38
Railway Operating Expenses.....	180,788,858.09	171,477,690.07
Net Revenue from Railway Operations.....	\$ 17,607,750.52	\$ 15,132,799.31
Railway Tax Accruals.....	5,635,173.84	5,859,062.59
Railway Operating Income.....	\$ 11,972,576.68	\$ 9,273,736.72
Rent from Locomotives.....	111,918.91	100,842.88
Rent from Passenger-Train Cars.....	251,931.04	217,843.77
Rent from Floating Equipment.....	734.50	315.00
Rent from Work Equipment.....	149,481.33	119,715.82
Joint Facility Rent Income.....	1,617,222.56	1,527,715.54
Hire of Freight Cars—Debit Balance.....	1,869,236.43	1,441,522.85
Rent for Locomotives.....	29,431.52	33,731.43
Rent for Passenger-Train Cars.....	439,765.65	282,723.17
Rent for Floating Equipment.....	65,567.96	1,464.14
Rent for Work Equipment.....	12,504.89	26,488.93
Joint Facility Rents—Debit.....	2,177,957.72	2,248,097.15
Net Railway Operating Income.....	\$ 9,509,400.85	\$ 7,206,142.06
Revenues from Hotel Operations.....	3,045,798.57	2,859,306.08
Expenses of Hotel Operations.....	2,713,512.18	2,565,972.91
Taxes on Hotel Property.....	132,199.39	133,316.13
Net Hotel Operating Income.....	\$ 200,087.00	\$ 160,017.04
Income from Lease of Road and Equipment.....	55,949.12	51,290.09
Miscellaneous Rent Income.....	828,281.57	1,051,523.62
Miscellaneous Non-Transportation Property—Credit.....	53,541.81	83,578.74
Dividend Income.....	709,363.14	845,927.15
Income from Funded Securities.....	1,730,589.28	1,392,717.28
Income from Unfunded Securities and Accounts.....	127,571.06	58,253.90
Income from Sinking and Other Reserve Funds.....	208,618.73	228,388.37
Miscellaneous Income.....	63,008.75	417,707.85
Miscellaneous Rents—Debit.....	499,202.91	482,263.29
Miscellaneous Tax Accruals.....	184,149.52	142,483.78
Separately Operated Properties—Loss.....	1,130,521.24	905,837.02
Miscellaneous Income Charges.....	430,774.92	989,870.82
Income Available for Fixed Charges.....	\$ 11,241,762.72	\$ 8,975,091.19
Rent for Leased Roads and Equipment.....	1,505,688.80	1,372,228.69
Interest on Funded Debt—Public.....	48,888,545.56	49,184,622.87
Interest on Government Loans.....	1,744,550.71	527,682.21
Interest on Unfunded Debt.....	192,903.29	206,802.59
Amortization of Discount on Funded Debt.....	938,728.79	881,100.87
Total Fixed Charges.....	\$ 53,270,417.15	\$ 52,172,437.23
Income <i>Deficit</i> transferred to Profit and Loss.....	\$ 42,028,654.43	\$ 43,197,346.04

OPERATING REVENUES

	Year 1937	Year 1936
Freight.....	\$151,422,690.21	\$143,664,112.98
Maritime Rates Reduction.....	2,373,548.88	1,824,028.90
Passenger.....	18,944,767.04	17,021,745.88
Excess Baggage.....	83,611.71	79,770.09
Sleeping Car.....	1,194,118.59	1,069,735.80
Parlor and Chair Car.....	178,915.77	158,740.10
Mail.....	3,504,153.22	3,355,110.40
Railway Express Agency.....	404,932.42	384,494.29
Express.....	8,915,373.13	8,497,630.03
Other Passenger-Train.....	49,112.16	48,762.40
Milk.....	386,965.68	410,200.22
Switching.....	2,461,735.92	2,338,364.58
Water Transfers—Freight.....	25,364.04	34,889.95
Water Transfers—Passenger.....	17,342.57	31,266.79
Water Transfers—Vehicles and Live Stock.....	31,093.00	27,017.00
Water Transfers—Other.....	603.70	2,915.62
Dining and Buffet.....	771,938.79	730,076.01
Restaurants.....	12,546.45	11,274.70
Station, Train, and Boat Privileges.....	100,410.80	85,974.04
Parcel Room.....	37,614.98	34,644.51
Storage—Freight.....	158,202.92	126,225.46
Storage—Baggage.....	15,589.05	12,802.38
Demurrage.....	424,017.14	270,819.64
Telegraph and Telephone.....	11,131.20	9,574.78
Telegraph—Commercial.....	4,883,109.65	4,407,427.19
Grain Elevator.....	22,076.19	197,541.28
Rents of Buildings and Other Property.....	450,532.28	292,518.51
Miscellaneous.....	1,190,711.28	1,177,061.47
Joint Facility—Credit.....	385,058.25	360,015.72
Joint Facility—Debit.....	60,658.41	54,251.34
	<u>\$198,396,608.61</u>	<u>\$186,610,489.38</u>

SUMMARY OF OPERATING EXPENSES

Maintenance of Way and Structures.....	\$ 35,241,300.12	\$ 37,827,918.68
Maintenance of Equipment.....	44,458,943.02	38,516,719.93
Traffic.....	4,980,921.92	4,746,576.64
Transportation.....	86,933,849.10	81,528,062.53
Miscellaneous Operations.....	1,290,914.88	1,120,081.85
General.....	8,326,253.76	8,242,410.52
Transportation for Investment—Credit.....	443,324.71	504,080.08
	<u>\$180,788,858.09</u>	<u>\$171,477,690.07</u>

MAINTENANCE OF WAY AND STRUCTURES EXPENSES

	Year 1937	Year 1936
Superintendence.....	\$ 2,849,299.90	\$ 2,790,362.98
Roadway Maintenance.....	4,527,108.46	5,067,466.62
Tunnels and Subways.....	19,430.46	24,737.47
Bridges, Trestles and Culverts.....	1,696,781.01	1,624,085.44
Ties.....	4,503,674.06	4,860,081.56
Rails.....	1,345,641.16	2,104,560.75
Other Track Material.....	1,428,013.52	1,582,057.10
Ballast.....	480,744.96	739,303.73
Track Laying and Surfacing.....	9,462,818.30	9,369,228.66
Fences, Snowsheds and Signs.....	494,132.11	590,227.78
Station and Office Buildings.....	1,647,547.06	1,506,110.18
Roadway Buildings.....	199,504.48	179,082.60
Water Stations.....	387,771.71	383,776.03
Fuel Stations.....	220,877.43	162,467.80
Shops and Enginehouses.....	1,154,592.94	1,226,453.69
Grain Elevators.....	11,241.31	15,457.66
Storage Warehouses.....	1,564.38	—
Wharves and Docks.....	162,066.22	119,712.82
Coal and Ore Wharves.....	238.73	4,277.84
Gas Producing Plants.....	305.95	40.36
Telegraph and Telephone Lines.....	749,273.63	670,656.85
Telegraph—Commercial.....	807,537.76	700,852.15
Signals and Interlockers.....	593,369.25	561,567.72
Power Plants.....	11,729.26	11,528.53
Power Transmission Systems.....	82,637.31	107,391.56
Miscellaneous Structures.....	3,318.99	1,684.45
Roadway Machines.....	321,098.90	319,739.03
Small Tools and Supplies.....	507,765.91	554,152.71
Removing Snow, Ice and Sand.....	1,476,365.55	2,327,713.19
Public Improvements—Maintenance.....	258,285.46	235,506.95
Injuries to Persons.....	358,197.07	301,583.19
Insurance.....	25,106.58	19,941.90
Stationery and Printing.....	47,339.46	43,218.26
Other Expenses.....	23,929.90	27,926.83
Maintaining Joint Tracks, Yards and Other Facilities—Debit.....	428,877.87	438,581.64
Maintaining Joint Tracks, Yards and Other Facilities—Credit.....	1,108,590.50	904,421.28
Right of Way Expenses.....	31,574.83	30,675.19
Depreciation—U.S. Lines Only.....	30,128.74	30,128.74
	<u>\$35,241,300.12</u>	<u>\$37,827,918.68</u>

MAINTENANCE OF EQUIPMENT EXPENSES

Superintendence.....	\$ 1,258,198.09	\$ 1,224,205.37
Shop Machinery.....	1,320,376.53	1,236,446.52
Power Plant Machinery.....	131,611.28	157,629.44
Steam Locomotives—Repairs.....	12,725,309.00	11,253,438.67
Other Locomotives—Repairs.....	71,172.38	77,886.65
Freight Train Cars—Repairs.....	12,546,800.65	10,456,634.19
Passenger Train Cars—Repairs.....	6,729,869.10	4,902,361.27
Floating Equipment—Repairs.....	169,002.27	123,032.78
Work Equipment—Repairs.....	1,101,005.10	1,567,021.53
Miscellaneous Equipment—Repairs.....	20,267.45	20,394.26
Express Equipment—Repairs.....	87,820.56	85,814.84
Express Equipment—Retirements.....	77,136.02	50,506.05
Equipment Retirements (Demolition Cost).....	127,594.15	80,316.03
Equipment Retirements, Canadian Lines.....	6,283,410.41	5,549,214.48
Depreciation—U.S. Lines only.....	1,441,134.72	1,505,753.25
Injuries to Persons.....	267,299.55	211,109.34
Insurance.....	13,893.17	51,317.97
Stationery and Printing.....	41,193.41	37,318.25
Other Expenses.....	5,013.12	6,368.72
Maintaining Joint Equipment—Debit.....	203,960.51	60,205.91
Maintaining Joint Equipment—Credit.....	163,124.45	140,255.59
	<u>\$44,458,943.02</u>	<u>\$38,516,719.93</u>

TRAFFIC EXPENSES

	Year 1937	Year 1936
Superintendence.....	\$1,561,850.82	\$1,498,848.36
Outside Agencies.....	2,215,728.05	2,162,670.79
Advertising.....	579,959.56	515,647.49
Traffic Associations.....	88,731.03	84,143.21
Stationery and Printing.....	300,309.04	258,817.98
Other Expenses.....	4,440.70	6,987.94
Industrial Bureau.....	80,564.24	75,910.19
Colonization, Agriculture and Natural Resources.....	149,338.48	143,550.68
	<u>\$4,980,921.92</u>	<u>\$4,746,576.64</u>

TRANSPORTATION EXPENSES

Superintendence.....	\$ 2,862,946.13	\$ 2,753,165.44
Dispatching Trains.....	1,128,577.91	1,098,254.28
Station Employees.....	13,098,529.29	12,349,055.75
Weighing, Inspection and Demurrage Bureaus.....	67,142.00	63,512.06
Station Supplies and Expenses.....	1,182,727.08	1,184,100.13
Yardmasters and Yard Clerks.....	2,196,359.07	2,069,071.14
Yard Conductors and Brakemen.....	4,139,867.18	3,768,126.35
Yard Switch and Signal Tenders.....	456,590.80	437,687.52
Yard Enginemen.....	2,924,870.15	2,650,295.07
Yard Motormen.....	46,189.46	41,824.54
Yard Switching Fuel.....	3,043,801.84	2,857,286.62
Yard Switching Power Produced.....	9,414.54	8,889.44
Yard Switching Power Purchased.....	70,313.06	64,294.38
Water for Yard Locomotives.....	154,559.99	139,630.13
Lubricants for Yard Locomotives.....	34,229.74	32,133.50
Other Supplies for Yard Locomotives.....	26,913.94	25,511.23
Enginehouse Expenses—Yard.....	1,030,576.89	959,141.92
Yard Supplies and Expenses.....	115,633.36	111,945.66
Operating Joint Yards and Terminals—Debit.....	924,608.74	858,255.86
Operating Joint Yards and Terminals—Credit.....	<i>1,304,137.01</i>	<i>1,185,943.62</i>
Train Enginemen.....	8,046,670.80	7,418,005.88
Train Motormen.....	123,285.01	116,332.36
Train Fuel.....	14,805,538.96	13,913,030.81
Train Power Produced.....	10,941.55	9,851.15
Train Power Purchased.....	39,732.00	40,184.17
Water for Train Locomotives.....	825,631.52	789,916.45
Lubricants for Train Locomotives.....	294,189.25	269,077.77
Other Supplies for Train Locomotives.....	130,543.62	123,151.56
Enginehouse Expenses—Train.....	2,852,342.02	2,698,983.45
Trainmen.....	9,055,320.50	8,317,268.01
Train Supplies and Expenses.....	5,057,036.21	4,785,098.34
Operating Sleeping Cars.....	761,663.73	685,599.46
Signal and Interlocker Operation.....	413,922.99	407,267.57
Crossing Protection.....	545,668.62	519,410.76
Drawbridge Operation.....	90,907.20	89,435.67
Telegraph and Telephone Operation.....	229,180.67	221,943.92
Telegraph—Commercial.....	3,445,379.26	3,204,350.64
Operating Floating Equipment.....	610,450.43	923,478.11
Express.....	4,728,568.92	4,550,198.97
Stationery and Printing.....	434,325.28	393,807.19
Other Expenses.....	153,587.96	155,839.07
Operating Joint Tracks and Facilities—Debit.....	591,178.76	194,814.84
Operating Joint Tracks and Facilities—Credit.....	<i>367,396.59</i>	<i>356,249.01</i>
Insurance.....	10,645.44	11,215.00
Clearing Wrecks.....	174,796.56	205,570.80
Damage to Property.....	79,896.49	57,604.60
Damage to Live Stock on Right-of-Way.....	43,246.48	37,937.82
Loss and Damage—Freight.....	677,582.87	572,078.42
Loss and Damage—Baggage.....	2,705.36	1,558.73
Injuries to Persons.....	856,593.07	885,062.62
	<u>\$86,933,849.10</u>	<u>\$81,528,062.53</u>

MISCELLANEOUS OPERATING EXPENSES

	Year 1937	Year 1936
Dining and Buffet Service.....	\$1,213,313.91	\$1,040,100.21
Restaurants.....	10,019.26	8,963.39
Grain Elevators.....	32,144.06	42,769.48
Other Miscellaneous Operations.....	35,437.65	28,248.77
	<u>\$1,290,914.88</u>	<u>\$1,120,081.85</u>

GENERAL EXPENSES

Salaries and Expenses of General Officers.....	\$ 400,080.60	\$ 380,937.08
Salaries and Expenses of Clerks and Attendants.....	3,039,954.88	2,946,848.09
General Office Supplies and Expenses.....	209,104.73	202,550.64
Law Expenses.....	327,210.44	316,482.31
Relief Department Expenses.....	27,500.00	27,500.00
Pensions.....	3,865,731.71	3,946,110.84
Stationery and Printing.....	123,418.51	120,146.25
Valuation Expenses.....	27,007.97	27,080.92
Other Expenses.....	294,528.70	262,884.82
General Joint Facilities—Debit.....	23,034.53	22,078.05
General Joint Facilities—Credit.....	11,318.31	10,208.48
	<u>\$8,326,253.76</u>	<u>\$8,242,410.52</u>

PROPERTY INVESTMENT ACCOUNT

BALANCE AT 1st JANUARY, 1937		\$1,896,406,640.22
EXPENDITURES, YEAR 1937:		
ROAD:		
New Lines Constructed	\$ 3,052,643.69	
Montreal Terminal Development, Chapter 12, 1929	50,295.94	
Toronto Viaduct	26,417.81	
Wider Woodward Avenue, Detroit	872,260.27	
Line Diversions and Revisions	63,079.25	
Minor Line Abandonments, etc.	228,651.00	
Rails and Fastenings	300,971.85	
Tie Plates and Rail Anchors	783,043.71	
Ties—Cost of Treating	1,209,255.31	
Ballast	159,568.49	
Widening Cuts and Fills and Scaling Rock Cuts	25,795.44	
Ditching, Drainage and Sewers	177,615.88	
Large Freight Terminals	52,117.58	
Large Passenger Terminals	134,700.34	
Yard Tracks and Sidings	336,532.55	
Bridges, Trestles and Culverts	632,766.89	
Crossing Protection, including Subways	352,885.46	
Stations and Station Facilities	201,550.40	
Water Supplies	19,464.25	
Shops, Enginehouses and Machinery	254,055.48	
Docks and Wharves	20,883.42	
Signals and Interlockers	5,598.83	
Telegraphs—Railway	26,563.44	
Telegraphs—Commercial	572,997.20	
Stores Department, Buildings and Equipment	19,698.63	
Assessments for Public Improvements	94,167.34	
Land	19,607.83	
General Additions and Betterments	159,313.87	
TOTAL	\$ 8,452,525.73	
EQUIPMENT:		
Rolling Stock Purchased or Built	\$17,876,343.57	
Additions and Betterments to Rolling Stock	2,367,634.41	
Retirement of Rolling Stock	7,536,759.75	
Equipment Transfers	56,579.86	
Express and Miscellaneous Equipment	19,323.82	
Floating Equipment	77,003.25	
TOTAL	\$12,554,311.30	
HOTELS:	\$ 69,871.04	
SEPARATELY OPERATED PROPERTIES:	\$ 202,043.84	
NET ADDITIONS AND BETTERMENTS EXPENDITURES:		20,874,664.23
Transfers affecting Proprietor's Equity and Grants in Aid of Construction		2,342,289.93
BALANCE AT 31st DECEMBER, 1937		<u>\$1,914,939,014.52</u>

TRANSACTIONS DURING 1937 AFFECTING PROPRIETOR'S EQUITY

Line abandonment between mileages 35.4 and 59.46 on the North Lake subdivision	\$260,686.27
Line abandonment between mileages 36.13 and 42.21 on the Orono subdivision	196,405.00
Abandonment of Red River Bridge at Winnipeg	194,398.58
Abandonment of Bethel Granite Railway	60,242.36
	<u>\$711,732.21</u>
Transfer from Canadian Government Railways to Department of Public Works of wharf property at Moncton	\$ 185.34
Transfer from Canadian Government Railways to Department of Public Works of wharf at Levis	71,463.00
Transfer from Canadian Government Railways to Department of National Defence of property at Halifax	14,293.00
	<u>\$ 85,941.34</u>
	<u>\$797,673.55</u>

FUNDED DEBT—PRINCIPAL AND INTEREST

NAME OF SECURITY	Issuing Company	Date of Issue	Date of Maturity	Principal Outstanding at Dec. 31, 1937	Interest Accrued 1937
GUARANTEED BY DOMINION GOVERNMENT:					
5% Perpetual Debenture Stock.....	G.T.R.	1875 to 1883	Perpetual	\$ 20,782,491.67	\$ 1,039,124.58
5% G.W. Perp. Debtr. Stock and Bonds...	G.T.R.	1858 to 1876	Perpetual	13,252,322.67	662,616.12
4% Perpetual Debenture Stock.....	G.T.R.	1883 to 1918	Perpetual	119,839,014.33	4,793,560.56
4% Nor. Rly. Perpetual Debtr. Stock.....	G.T.R.	July 31, 1884	Perpetual	1,499,979.67	59,999.18
4% Perpetual Guaranteed Stock.....	G.T.R.	1884 to 1909	Perpetual	60,833,333.33	2,433,333.33
3% 1st Mortgage Bonds.....	G.T.P.	July 1, 1905	Jan. 1, 1962	34,992,000.00	1,049,760.00
4% Sterling Bonds.....	G.T.P.	July 1, 1914	Jan. 1, 1962	8,440,848.00	337,633.92
3% 1st Mortgage Debenture Stock.....	Can. Nor.	July 29, 1903	July 10, 1953	9,359,996.72	280,799.86
3½% 1st Mortgage Debenture Stock.....	Can. Nor.	March 1910	July 20, 1958	7,896,544.54	276,379.08
6½% Sinking Fund Debenture Bonds.....	Can. Nor.	July 1, 1921	July 1, 1946	24,238,000.00	1,575,470.00
3½% 1st Mortgage Debenture Stock.....	C.N.A.	Mar. 22, 1911	May 4, 1960	3,149,998.66	110,249.94
3½% 1st Mortgage Debenture Stock.....	C.N.O.	Dec. 8, 1911	May 19, 1961	34,229,996.87	1,198,049.84
5% Equipment Trust—Series "G".....	Can. Nat.	Aug. 1, 1923	Ser. 1, 8, '38	1,500,000.00	100,000.00
5% 30 Year Guaranteed Bonds.....	Can. Nat.	Feb. 1, 1924	Feb. 1, 1954	50,000,000.00	2,500,000.00
2% 1927 Guaranteed Debenture Stock.....	Can. Nat.	July 1, 1926	By Drawings	23,282,663.80	474,883.50
4½% 30 Year Guaranteed Gold Bonds.....	Can. Nat.	July 1, 1927	July 1, 1957	65,000,000.00	2,925,000.00
5% 40 Year Guaranteed Gold Bonds.....	Can. Nat.	July 1, 1929	July 1, 1969	60,000,000.00	3,000,000.00
5% 40 Year Guaranteed Gold Bonds.....	Can. Nat.	Oct. 1, 1929	Oct. 1, 1969	60,000,000.00	3,000,000.00
5% 40 Year Guaranteed Gold Bonds.....	Can. Nat.	Feb. 1, 1930	Feb. 1, 1970	18,000,000.00	900,000.00
4¾% 25 Year Guaranteed Gold Bonds.....	Can. Nat.	June 15, 1930	June 15, 1955	50,000,000.00	2,375,000.00
4½% 25 Year Guaranteed Gold Bonds.....	Can. Nat.	Feb. 1, 1931	Feb. 1, 1956	70,000,000.00	3,150,000.00
4½% 20 Year Guaranteed Gold Bonds.....	Can. Nat.	Sept. 1, 1931	Sept. 1, 1951	50,000,000.00	2,250,000.00
3% 16 Year Guaranteed Bonds.....	Can. Nat.	Dec. 15, 1934	Dec. 15, 1950	20,500,000.00	615,000.00
2% 3 Year Guaranteed Bonds.....	Can. Nat.	May 1, 1935	May 1, 1938	13,400,000.00	268,000.00
3% 9 Year Guaranteed Bonds.....	Can. Nat.	May 1, 1935	May 1, 1944	35,000,000.00	1,050,000.00
2% 7 Year Guaranteed Bonds.....	Can. Nat.	Feb. 15, 1936	Feb. 15, 1943	55,000,000.00	1,100,000.00
3% 17 Year Guaranteed Bonds.....	Can. Nat.	Feb. 15, 1936	Feb. 15, 1953	25,000,000.00	750,000.00
2¼% 7 Year Guaranteed Bonds.....	Can. Nat.	Feb. 1, 1937	Feb. 1, 1944	15,500,000.00	319,686.27
3% 15 Year Guaranteed Bonds.....	Can. Nat.	Feb. 1, 1937	Feb. 1, 1952	20,000,000.00	549,999.59
Total Issues Guaranteed by Dominion Government.....				\$ 970,697,190.26	\$39,144,545.77
GUARANTEED BY PROVINCE OF NEW BRUNSWICK:					
4% 1st Mortgage Debenture Stock.....	St. J. & Q.	May 14, 1912	June 1, 1962	\$ 2,727,977.40	\$ 109,119.10
GUARANTEED BY PROVINCE OF ONTARIO:					
3½% 1st Mortgage Debenture Stock.....	C.N.O.	1908	June 30, 1938	6,725,485.13	235,391.98
GUARANTEED BY PROVINCE OF MANITOBA:					
4% Winnipeg Terminal Bonds.....	Can. Nor.	July 1, 1909	July 1, 1939	3,000,000.00	120,000.00
GUARANTEED BY PROVINCE OF SASKATCHEWAN:					
4% 1st Mortgage Bonds.....	G.T.P.B.L.	May 1, 1909	Jan. 22, 1939	9,874,062.00	394,962.48
4% 1st Mortgage Debenture Stock.....	Can. Nor.	June 12, 1909	Jan. 23, 1939	8,029,999.99	321,200.00
GUARANTEED BY PROVINCE OF ALBERTA:					
4% 1st Mortgage Bonds.....	G.T.P.B.L.	May 1, 1912	Feb. 15, 1942	1,153,764.00	46,150.56
4% 1st Mortgage Bonds.....	G.T.P.B.L.	May 1, 1909	Feb. 25, 1939	2,430,000.00	97,200.00
4% 1st Mortgage Debenture Stock.....	Can. Nor.	June 10, 1909	Feb. 25, 1939	5,586,665.64	223,466.62
4½% 1st Mtge. Debtr. Stock and Bonds..	C.N.W.	March 1914	Oct. 22, 1943	2,799,997.73	125,999.90
4½% 1st Mtge. Debtr. Stock and Bonds..	C.N.W.	Feb. 1914	Feb. 16, 1942	6,424,000.00	289,080.00
GUARANTEED BY PROVINCE OF BRITISH COLUMBIA:					
4% 1st Mortgage Debenture Stock.....	C.N.P.	Nov. 16, 1911	Apr. 2, 1950	16,412,001.13	656,480.07
4½% Terminal Debenture Stock.....	C.N.P.	1913 and 1914	Apr. 2, 1950	8,614,000.00	387,630.00
Total Issues Guaranteed by Provincial Governments.....				\$ 73,777,953.02	\$ 3,006,680.71
Carried forward.....				\$1,044,475,143.28	\$42,151,226.48

FUNDED DEBT—PRINCIPAL AND INTEREST (Continued)

NAME OF SECURITY	Issuing Company	Date of Issue	Date of Maturity	Principal Outstanding at Dec. 31, 1937	Interest Accrued 1937
Brought forward				\$1,044,475,143.28	\$42,151,226.48
EQUIPMENT TRUST ISSUES:					
4½% Series "H"	Can. Nat.	July 1, 1924	Ser. 1, 7, '39	\$ 1,250,000.00	\$ 70,312.50
4½% " " "J"	Can. Nat.	May 1, 1927	Ser. 1, 5, '42	5,000,000.00	240,000.00
5% " " "K"	Can. Nat.	May 1, 1929	Ser. 1, 5, '44	8,400,000.00	440,000.00
5% " " "G.T.W."	G.T.W.	Dec. 14, 1929	Ser. 14, 12, '44	1,974,000.00	112,181.80
5% " " "C.V.R."	G.T.W.	Dec. 14, 1929	Ser. 14, 12, '44	317,000.00	18,041.39
5% " " "C.V.R."	C.V.	Dec. 14, 1929	Ser. 14, 12, '44	540,000.00	30,726.67
4½% " " "L"	Can. Nat.	June 1, 1930	Ser. 1, 6, '45	8,400,000.00	397,687.50
2½% " " "O"	Can. Nat.	Aug. 1, 1937	Ser. 1, 8, '47	14,300,000.00	146,999.43
Total Equipment Trust Issues				\$ 40,181,000.00	\$ 1,455,949.29
OTHER ISSUES:					
4% Canada Atlantic 1st Mtge. Bonds	G.T.R.	Jan. 1, 1905	Jan. 1, 1955	\$ 16,000,092.00	\$ 640,003.68
7% Wellington, Grey & Bruce Bonds	G.T.R.	July 1, 1869	By Drawings	86,626.67	19,212.06
6% Northern Railway 3rd Pref. Bonds	G.T.R.	1868	Perpetual	70,566.66	4,234.00
3¾% 1st Mortgage Bonds	N.E. Elev.	July 1, 1901	Ser. 1, 7, '41	40,000.00	1,687.50
4% 1st Mortgage Bonds	Pem. Sthn.	Sept. 1, 1906	Sept. 1, 1956	150,000.00	6,000.00
4% 2nd Mortgage Bonds, Prairie "A"	G.T.P.	Apr. 1, 1905	Apr. 1, 1955	10,206,000.00	408,240.00
4% 2nd Mortgage Bonds, Mountain "B"	G.T.P.	Apr. 1, 1905	Apr. 1, 1955	9,963,000.00	398,520.00
4% 1st Mortgage Bonds, "Lake Superior"	G.T.P.	Apr. 1, 1905	Apr. 1, 1955	7,533,000.00	301,320.00
4% Perpetual Cons. Debenture Stock	Can. Nor.	1903 to 1912	Perpetual	44,943,019.40	1,797,720.74
4% Perpetual Cons. Debenture Stock	C.N.O.	June 21, 1909	Perpetual	8,724,113.20	348,964.50
4% Perpetual Cons. Debenture Stock	C.N.Q.	Oct. 1906	Perpetual	5,250,369.26	210,014.76
4% 1st Mortgage Perp. Debenture Stock	Q. & L. St. J.	June 1, 1912	Perpetual	4,252,503.06	170,100.14
4% 1st Mortgage Debenture Stock	D.W. & P.	May 1, 1910	June 1, 1939	7,004,997.27	280,199.89
4% 1st Mortgage Bonds	G.T.W.	Nov. 30, 1900	July 1, 1950	10,964,416.00	439,071.78
4½% 1st Mortgage Series "A" Bonds	G.T.W.	Jan. 1, 1930	Jan. 1, 1980	400,000.00	18,000.00
4% Indebtedness of S.S. & C. Co.	C.V.Rly.	Aug. 27, 1858	Optional	155,865.25	6,234.61
4% 1st Mortgage Gold Bonds	M. & P. L.	Oct. 1, 1900	Oct. 1, 1950	200,000.00	8,000.00
3½% 1st Mortgage Guar. Debtr. Bonds	H. & S. W.	Oct. 1, 1912	Sept. 30, 1942	4,447,000.00	155,645.00
5% Indebtedness to Province of N.B.	Can. Nat.	Sept. 3, 1929	Various	1,364,022.60	68,201.13
5% 1st Mtge. Sinking Fund Gold Bonds	R. & R.C.CO.	Apr. 1, 1908	Apr. 1, 1938	916,000.00	S.O.P.
Indebtedness to State of Michigan	G.T.W.	July 20, 1927	Serially 1948	4,669,664.14	No Interest
Total Other Issues				\$ 137,341,255.51	\$ 5,281,369.79
Total Debt held by Public (including therein \$5,673,404.07 par value held in Special Funds and Accounts) as per Balance Sheet				\$1,221,997,398.79	\$48,888,545.56

NOTE:—These obligations are stated in Canadian currency—Sterling and United States currencies being converted at the par of exchange.

DOMINION OF CANADA—LOANS

(Treated as Assets in Public Accounts of Canada)

	Principal Outstanding at Dec. 31, 1937	Interest Accrued 1937
3¾% Advances, Financing Act, 1932	\$ 8,077,338.33	\$ 302,900.19
3¾% Advances, Financing Act, 1933	8,228,101.10	308,553.79
3¾% Advances, Financing Act, 1934	10,747,973.98	403,049.02
3¾% Advances, Financing Act, 1935	7,293,065.84	273,489.97
3½% Advances, Financing Act, 1936	7,011,230.75	245,393.08
3½% Advances, Financing and Guarantee Act, 1937	10,551,253.66	121,060.55
3½% Advances, Branch Line Construction Act, 1936	2,603,822.54	24,811.78
3½% Advances, Trans-Canada Air Lines Act, 1937	850,000.00	5,494.52
3% Purchase of Railway Equipment (Repayable 1938-1950)	6,723,250.01	—
Loans for betterment or repair of Railway Equipment (Repayable 1938)	394,530.89	—
Interest on Temporary Advances—(Repaid in 1937)	—	59,797.81
	<u>\$62,480,567.10</u>	<u>\$1,744,550.71</u>

INVESTMENTS IN AFFILIATED COMPANIES

COMPANY		Amount Outstanding	Amount owned by Can. Nat. System	Book Value
STOCKS:				
Atlantic and St. Lawrence Rail Road Company		\$ 5,480,700.00	\$ 224.33	\$ 176.53
The Belt Railway Company of Chicago		3,120,000.00	240,000.00	240,000.00
Canadian Government Merchant Marine, Limited		100,300.00	300.00	300.00
Central Vermont Transportation Company		200,000.00	50,000.00	20,000.00
Chicago & Western Indiana Railroad Company		5,000,000.00	1,000,000.00	1,000,000.00
The Detroit & Toledo Shore Line Railroad Company		3,000,000.00	1,500,000.00	2,142,000.00
Detroit Terminal Railroad Company		2,000,000.00	1,000,000.00	1,000,000.00
Northern Alberta Railways Company		625,000.00	312,500.00	312,500.00
The Ontario Car Ferry Company (Limited)		500,000.00	250,000.00	179,007.53
Public Markets Limited		1,150,000.00	575,000.00	575,000.00
Railway Express Agency, Incorporated (no par value)		1,000 shares	7 shares	700.00
The Toronto Terminals Railway Company		500,000.00	250,000.00	250,000.00
The Toledo Terminal Railroad Company		4,000,000.00	387,200.00	387,200.00
Trans-Canada Air Lines		850,000.00	850,000.00	850,000.00
				<u>\$ 6,956,884.06</u>
BONDS:				
Atlantic and St. Lawrence Rail Road Company		\$ 3,000,000.00	\$ 3,000,000.00	\$ 3,012,040.00
The Detroit & Toledo Shore Line Railroad Co. 1st Mtge. Bonds		3,000,000.00	587,000.00	571,615.00
Northern Alberta Railways Co. 1st Mortgage Bonds		14,470,000.00	7,235,000.00	7,235,000.00
The Toronto Terminals Railway Co. 1st Mortgage Bonds		23,724,800.00	11,862,400.00	11,862,400.00
				<u>\$22,681,055.00</u>
ADVANCES:				
Chicago & Western Indiana Railroad Company				\$ 1,228,025.01
The Railroad Credit Corporation				220,053.65
Railway Express Agency, Incorporated				75,199.43
The Toronto Terminals Railway Company				1,375,658.16
				<u>\$ 2,898,936.25</u>
				<u>\$32,536,875.31</u>

MAJOR CONTINGENT LIABILITIES

TRANS-CANADA AIR LINES:

The Canadian National Railway Company owns \$5,000,000 of the Capital Stock of the Air Lines on which total call to 31st. December, 1937 has been 17%.

NORTHERN ALBERTA RAILWAYS COMPANY:

The Canadian National Railway Company owns \$3,125,000 of the Capital Stock of the Railways Company on which total call to date has been 10%.

Under agreement of purchase dated 6th. February, 1929, Canadian National Railway Company became liable for one-half of the purchase consideration for the property. This obligation was later assumed by Northern Alberta Railways Company which took title to the property. The future commitment of the Canadian National Railway Company is \$7,500,000 in respect of the purchase and, in addition, 50% of the annual deficit.

THE DETROIT & TOLEDO SHORE LINE RAILROAD COMPANY:

Assumed by Grand Trunk Western Railroad Company as joint and several guarantor by indorsement of principal and interest of \$3,000,000 First Mortgage 4%—50 year Gold Bonds due 1953.

THE TOLEDO TERMINAL RAILROAD COMPANY:

Assumed by Grand Trunk Western Railroad Company in respect of \$5,800,000 First Mortgage 4½%—50 year Gold Bonds due 1957. The guarantee is as to interest only and is several and not joint. Grand Trunk Western's proportion is 9.68%.

CHICAGO AND WESTERN INDIANA RAILROAD COMPANY:

Assumed by Grand Trunk Western Railroad Company pursuant to joint supplemental lease dated 1st. July, 1902, between Grand Trunk Western Railway Company and four other proprietary companies. Obligation is for repayment of principal of bonds at their maturity, and of interest as it falls due by way of annual rentals. The Grand Trunk Western's obligation is for one-fifth of the bonds issued for "common" property and the entire amount of bonds issued for its "exclusive" property. The bonds are Consolidated Mortgage 50 year 4% bonds due 1952 and the amounts outstanding at 31st. December, 1937, are:—

Issued for "common" property.....	\$ 39,973,019.39
Issued for "exclusive" property.....	252,535.36

Assumed by Grand Trunk Western Railroad Company pursuant to joint supplemental lease dated 1st. March, 1936 between Grand Trunk Western Railroad Company and other proprietary companies. Obligation is to pay as rental sinking fund payments sufficient to retire bonds at maturity and interest as it falls due. The Grand Trunk Western's proportion is one-fifth in the absence of default of any of four other tenant companies. The bonds are First and Refunding Mortgage 4¼% Series "D" Sinking Fund Bonds due 1962 and the amount outstanding at 31st. December, 1937 is \$23,349,000.

C.N.R. PENSION FUND:

No contingent reserve is accrued for pensions. Actual pension payments are charged currently to operating expenses.

The above are the contingent liabilities referred to on the Balance Sheet certified by us on the 10th. March, 1938.

GEORGE A. TOUCHE & CO.,
Chartered Accountants.

SCHEDULE OF COMPANIES COMPRISING THE CANADIAN NATIONAL RAILWAY SYSTEM

CAPITAL STOCKS OWNED BY DOMINION GOVERNMENT

Company Number		
1	Canadian National Railway Company.....	\$ 18,000,000.00
2	The Canadian National Railways Securities Trust.....	269,325,705.67
		<u>\$287,325,705.67</u>

CAPITAL STOCKS OWNED BY SYSTEM OR PUBLIC

	NAME OF ISSUING COMPANY	Owned by Company Number	Capital Stock Issued	Owned by Public
3	The Bay of Quinté Railway Company.....	23	\$ 1,395,000.00	
4	The Bessemer and Barry's Bay Railway Company.....	23	125,000.00	
5	*Brooksby Realty Company.....	29	2,000.00	
6	*Canada Atlantic Transit Company.....	1	219,000.00	
7	*Canada Atlantic Transit Company of U.S.....	1	250,000.00	
8	The Canadian Express Company.....	1	1,768,800.00	
9	*Canadian National Electric Railways.....	23	1,750,000.00	
10	Canadian National Express Company.....	24	1,000,000.00	
11	Canadian National Land Settlement Association.....	1	—	
12	*Canadian National Railways (France).....	1	2,007,400.00	
13	*Canadian National Realities, Limited.....	23	40,000.00	
14	Canadian National Rolling Stock Limited.....	1	50,000.00	
15	*Canadian National Steamship Company, Limited.....	47	15,000.00	
16	Canadian National Telegraph Company.....	23	500,000.00	
17	*Canadian National Transportation, Limited.....	1	500.00	
18	The Canadian Northern Alberta Railway Company.....	23	3,000,000.00	
19	Canadian Northern Manitoba Railway Company.....	23	250,000.00	
20	The Canadian Northern Ontario Railway Company.....	23	10,000,000.00	
21	Canadian Northern Pacific Railway Company.....	23	25,000,000.00	
22	The Canadian Northern Quebec Railway Company.....	23	9,550,000.00	3,849,200.00
23	The Canadian Northern Railway Company.....	1	18,000,000.00	
24	The Canadian Northern Railway Express Company, Limited.....	23	1,000,000.00	
25	Canadian Northern Steamships, Limited.....	23	2,000,000.00	
26	Canadian Northern System Terminals (Limited).....	23	2,000,000.00	
27	*Canadian Northern Town Properties Company, Limited.....	23	10,000,000.00	
28	Canadian Northern Western Railway Company.....	23	2,000,000.00	
29	*The Centmont Corporation.....	31	176,400.00	
30	The Central Ontario Railway.....	23	3,331,000.00	2,000.00
31	Central Vermont Railway, Inc.....	1	10,000,000.00	
32	*Central Vermont Terminal, Inc.....	31	5,000.00	
33	The Champlain and St. Lawrence Railroad Company.....	1	50,000.00	
34	*Chicago, New York and Boston Refrigerator Company.....	50	1,129,400.00	
35	Cincinnati, Saginaw and Mackinaw Rail Road Company.....	1	1,500,000.00	
36	*Consolidated Land Corporation.....	50	64,000.00	
37	*Continental Realty & Holding Company.....	13	90,000.00	
38	*The Dalhousie Navigation Company, Limited.....	23	50,000.00	
39	*Duluth and Virginia Realty Company.....	37	45,000.00	
40	Duluth, Rainy Lake & Winnipeg Railway Company.....	42	2,000,000.00	
41	Duluth, Winnipeg and Pacific Railroad Company.....	42	100,000.00	
42	Duluth, Winnipeg and Pacific Railway Company.....	23	3,100,000.00	
43	Grand Trunk-Milwaukee Car Ferry Company.....	50	200,000.00	
44	The Grand Trunk Pacific Branch Lines Company.....	47	200,000.00	
45	*The Grand Trunk Pacific Development Company, Limited.....	47	3,000,000.00	
46	*Grand Trunk Pacific Dock Company, of Seattle.....	47	150,000.00	
47	The Grand Trunk Pacific Railway Company.....	1	24,940,200.00	
48	The Grand Trunk Pacific Saskatchewan Railway Company.....	47	20,000.00	
49	*Grand Trunk Pacific Terminal Elevator Company, (Limited).....	47	501,000.00	
50	{Grand Trunk Western Railroad Company (Common).....}	1	20,000,000.00	
	{Grand Trunk Western Railroad Company (Preferred).....}		25,000,000.00	
51	The Great North Western Telegraph Company of Canada (including \$331,500.00 held in escrow).....	16	373,625.00	6,925.00
52	The Halifax and South Western Railway Company.....	23	1,000,000.00	
53	*Industrial Land Company.....	50	1,000.00	
54	International Bridge Company.....	1	1,500,000.00	
55	The Irondale, Bancroft and Ottawa Railway Company.....	23	53,500.00	500.00
56	The James Bay and Eastern Railway Company.....	23	125,000.00	
57	The Lake Superior Terminals Company Limited.....	23	500,000.00	
58	The Maganetawan River Railway Company.....	1	30,000.00	
59	Manitoba Northern Railway Company.....	1	500,000.00	
60	*Market Gardens Limited.....	23	200,000.00	
61	The Marmora Railway and Mining Company.....	23	128,600.00	
62	The Minnesota and Manitoba Railroad Company.....	23	400,000.00	
63	The Minnesota and Ontario Bridge Company.....	23	100,000.00	
	Carried forward.....		<u>\$192,486,425.00</u>	<u>\$3,858,625.00</u>

SCHEDULE OF COMPANIES COMPRISING THE CANADIAN NATIONAL RAILWAY SYSTEM—Continued

CAPITAL STOCKS OWNED BY SYSTEM OR PUBLIC (CONT'D)

Company Number	NAME OF ISSUING COMPANY	Owned by Company Number	Capital Stock Issued	Owned by Public
	Brought forward		\$192,486,425.00	\$3,858,625.00
64	Montreal and Province Line Railway Company	29	1,000,000.00	
65	*Montreal and Southern Counties Railway Company	1	500,000.00	189,500.00
66	The Montreal and Vermont Junction Railway Company	31	197,300.00	
67	*Montreal Fruit & Produce Terminal Company, Limited	1	500.00	
68	*The Montreal Stock Yards Company	1	350,000.00	
69	*The Montreal Warehousing Company	1	236,000.00	12,240.00
70	Mount Royal Tunnel and Terminal Company, Limited	23	5,000,000.00	
71	*Muskegon Railway and Navigation Company	50	161,293.00	
72	*National Terminals of Canada, Limited	1	2,500.00	
73	National Transcontinental Railway Branch Lines Company	1	500.00	
74	New England Elevator Company	1	400,000.00	
75	*The Niagara, St. Catharines and Toronto Railway Company	23	925,000.00	
76	*The Niagara, St. Catharines and Toronto Navigation Company (Limited)	75	100,000.00	
77	*The Oshawa Railway Company	1	40,000.00	
78	The Ottawa Terminals Railway Company	1	250,000.00	
79	The Pembroke Southern Railway Company	1	107,800.00	17,200.00
80	Portland Elevator Company	1	50,000.00	
81	*Prince Charles, Limited	1	10,000.00	
82	*Prince David, Limited	1	10,000.00	
83	*Prince George, Limited	1	10,000.00	
84	*Prince Henry, Limited	1	10,000.00	
85	*Prince John, Limited	1	10,000.00	
86	*Prince Robert, Limited	1	10,000.00	
87	*Prince Rupert, Limited	1	10,000.00	
88	The Quebec and Lake St. John Railway Company	23	4,508,300.00	489,160.00
89	The Qu'Appelle, Long Lake and Saskatchewan Railroad and Steamboat Company	23	201,000.00	
90	*Rail & River Coal Company	1	2,000,000.00	
91	St. Boniface Western Land Company	23	250,000.00	
92	The St. Charles and Huron River Railway Company	23	1,000.00	
93	St. Clair Tunnel Company	1	700,000.00	
94	The Stanstead, Shefford and Chambly Railroad Company	29	608,333.33	
95	*The Thousand Islands Railway Company	1	60,000.00	
96	The Toronto Belt Line Railway Company	1	50,000.00	16,600.00
97	The United States and Canada Rail Road Company	1	219,400.00	475.00
98	Vermont and Province Line Railroad Company	1	200,000.00	
99	The Winnipeg Land Company Limited	23	100,000.00	
			<u>\$210,775,351.33</u>	<u>\$4,583,800.00</u>

The Income Accounts of Companies indicated () are included in the System Income Account as "Separately Operated Properties."

STATEMENT OF REVENUE TONNAGE BY COMMODITIES FOR YEARS 1937-1936

	Year 1937	Year 1936	Increase or Decrease	
	Tons	Tons	Tons	Percents
AGRICULTURAL PRODUCTS:				
Wheat.....	2,227,009	4,015,989	1,788,980	44.55
Corn.....	406,817	459,299	52,482	11.43
Oats.....	486,145	454,284	31,861	7.01
Barley.....	373,224	501,088	127,864	25.52
Rye.....	25,181	37,542	12,361	32.93
Flaxseed.....	20,729	30,736	10,007	32.56
Other Grain.....	33,622	22,579	11,043	48.91
Flour.....	684,818	706,160	21,342	3.02
Other Mill Products.....	1,078,643	997,115	81,528	8.18
Hay and Straw.....	346,825	156,263	190,562	121.95
Cotton.....	60,100	62,012	1,912	3.08
Apples (Fresh).....	85,430	85,538	108	.13
Other Fruit (Fresh).....	246,028	234,343	11,685	4.99
Potatoes.....	199,839	175,413	24,426	13.92
Other Fresh Vegetables.....	161,388	158,266	3,122	1.97
Other Agricultural Products.....	472,358	516,806	44,448	8.60
Total.....	6,908,156	8,613,433	1,705,277	19.80
ANIMAL PRODUCTS:				
Horses.....	45,197	34,770	10,427	29.99
Cattle and Calves.....	341,812	318,326	23,486	7.38
Sheep.....	18,370	19,267	897	4.66
Hogs.....	122,036	126,414	4,378	3.46
Dressed Meats (Fresh).....	180,314	203,461	23,147	11.38
Dressed Meats (Cured, Salted, Canned).....	65,113	59,141	5,972	10.10
Other Packing House Products (Edible).....	89,334	85,685	3,649	4.26
Poultry.....	19,984	21,465	1,481	6.90
Eggs.....	31,661	35,587	3,926	11.03
Butter.....	60,256	55,834	4,422	7.92
Cheese.....	24,042	25,778	1,736	6.73
Wool.....	19,059	20,376	1,317	6.46
Hides and Leather.....	60,168	60,784	616	1.01
Other Animal Products (Non-Edible).....	52,140	53,856	1,716	3.19
Total.....	1,129,486	1,120,744	8,742	.78
MINE PRODUCTS:				
Anthracite Coal.....	1,524,881	1,455,850	69,031	4.74
Bituminous Coal.....	6,469,097	5,964,042	505,055	8.47
Lignite Coal.....	1,234,054	1,331,355	97,301	7.31
Coke.....	590,303	704,273	113,970	16.18
Iron Ores.....	5,781	5,632	149	2.65
Copper Ore and Concentrates.....	33,913	8,318	25,595	307.71
Other Ores and Concentrates.....	1,611,858	939,835	672,023	71.50
Base Bullion, Matte, Pig and Ingot (Non-Ferrous Metals).....	402,418	335,668	66,750	19.89
Sand and Gravel.....	2,036,098	1,214,258	821,840	67.68
Stone (Crushed, Ground, Broken).....	1,567,903	1,013,161	554,742	54.75
Slate, Dimension or Block Stone.....	105,688	99,784	5,904	5.92
Crude Petroleum.....	222,517	276,993	54,476	19.67
Asphalt (Natural, By-Product Petroleum).....	234,424	142,723	91,701	64.25
Salt.....	312,748	302,784	9,964	3.29
Other Mine Products.....	765,132	896,927	131,795	14.69
Total.....	17,116,815	14,691,603	2,425,212	16.51

REVENUE TONNAGE BY COMMODITIES—Continued

	Year 1937	Year 1936	Increase or Decrease	
	Tons	Tons	Tons	Percents
FOREST PRODUCTS:				
Logs, Posts, Poles, Piling.....	426,490	345,614	80,876	23.40
Cordwood and Other Firewood.....	669,582	755,232	85,650	11.34
Ties.....	48,247	42,228	6,019	14.25
Pulpwood.....	1,916,734	1,402,058	514,676	36.71
Lumber, Timber, Box, Crate and Cooperage Material.....	2,614,414	2,283,815	330,599	14.48
Other Forest Products.....	265,017	204,502	60,515	29.59
Total.....	5,940,484	5,033,449	907,035	18.02
MANUFACTURES AND MISCELLANEOUS:				
Gasoline.....	1,139,682	1,027,038	112,644	10.97
Petroleum Oils and Other Petroleum Products (except Asphalt and Gasoline).....	635,264	625,612	9,652	1.54
Sugar.....	260,988	198,871	62,117	31.23
Iron, Pig and Bloom.....	213,645	152,654	60,991	39.95
Rails and Fastenings.....	17,794	14,607	3,187	21.82
Iron and Steel (Bar, Sheet, Structural, Pipe).....	1,482,026	1,280,914	201,112	15.70
Castings, Machinery and Boilers.....	161,409	136,539	24,870	18.21
Cement.....	476,909	348,841	128,068	36.71
Brick and Artificial Stone.....	180,570	131,194	49,376	37.64
Lime and Plaster.....	249,792	223,915	25,877	11.56
Sewer Pipe and Drain Tile.....	27,180	25,263	1,917	7.59
Agricultural Implements and Vehicles other than Autos.....	146,119	102,254	43,865	42.90
Automobiles, Auto Trucks and Auto Parts.....	1,824,212	1,726,170	98,042	5.68
Household Goods and Settlers' Effects.....	39,519	26,033	13,486	51.80
Furniture.....	32,982	25,694	7,288	28.36
Beverages.....	177,407	148,572	28,835	19.41
Fertilizers, all kinds.....	395,615	346,650	48,965	14.13
Newsprint Paper.....	1,445,130	1,175,192	269,938	22.97
Other Paper.....	228,680	199,424	29,256	14.67
Paper Board, Pulpboard and Wallboard (Paper).....	280,650	250,246	30,404	12.15
Woodpulp.....	862,112	783,527	78,585	10.03
Fish (Fresh, Frozen, Cured, etc.).....	68,741	63,802	4,939	7.74
Canned Goods (All canned food products except meats).....	305,751	264,708	41,043	15.50
Other Manufactures and Miscellaneous.....	3,807,041	3,347,292	459,749	13.73
Merchandise (All L.C.L. Freight).....	1,483,561	1,366,811	116,750	8.54
Total.....	15,942,779	13,991,823	1,950,956	13.94
Grand Total.....	47,037,720	43,451,052	3,586,668	8.25

DETAILS OF RAILWAY EQUIPMENT

	December 31, 1936	Additions During Year	Retirements During Year	Conversions During Year Added	Retired	December 31, 1937
LOCOMOTIVES:						
Passenger—Freight	2,215		43			2,172
Switching	481		9			472
Electric Locomotives	15					15
Oil and Gas Electric	5					5
Total	2,716		52			2,664
FREIGHT EQUIPMENT:						
Box Cars	68,882	2,890	2,469	454	1,148	68,609
Flat Cars	5,508	49	144		203	5,210
Stock Cars	3,538		265	179		3,452
Coal Cars	12,806	445	88	144		13,307
Tank Cars	167		5		1	161
Refrigerator Cars	3,519	400	367		55	3,497
Caboose Cars	1,490		26			1,464
Other Cars in Freight Service	83	1	37	75		122
Total	95,993	3,785	3,401	852	1,407	95,822
PASSENGER EQUIPMENT:						
First Class Cars	767	50	4	50	1	862
Second Class Cars	160		2		14	144
Combination Cars	263	10	3	10		280
Immigrant Cars	314		1		81	232
Dining Cars	99		1		1	97
Parlor Cars	145		5	4	10	134
Sleeping Cars	322		1	1	6	316
Postal Cars	53		1			52
Baggage and Express Cars	738	50	13			775
Unit Cars	53	3			2	54
Other Cars in Passenger Service	108		1	6		113
Total	3,022	113	32	71	115	3,059
WORK EQUIPMENT:						
Business	69		3			66
All Other Cars in Company's Service	5,783	5	385	602	3	6,002
Total	5,852	5	388	602	3	6,068
FLOATING EQUIPMENT:						
Motor Ship	1				1	—
Car Ferries	11					11
Barges	7		2			5
Tugs	6			1		7
Work	2	1				3

STATISTICS OF RAIL-LINE OPERATION

TRANSPORTATION SERVICE

	Freight		Passenger		Total
	1937	1936	1937	1936	1936
TRAIN MILES					
Principal.....	29,858,278	28,312,940	19,285,259	18,174,203	46,487,143
Helper.....	29,855,184	28,320,000	17,813,721	16,722,832	45,042,832
Light.....	446,030	420,825	92,386	105,479	526,304
Train Switching.....	528,865	501,660	276,716	260,316	761,976
Yard Switching.....	2,945,486	2,740,512	63,680	59,330	2,799,842
	10,118,803	9,451,358	1,035,108	996,517	10,447,875
TOTAL.....	43,894,368	41,434,355	19,281,611	18,144,474	59,578,829
CAR MILES:					
Loaded Freight Cars.....	729,770,385	687,437,945	314,488	77,624	687,515,569
Empty Freight Cars.....	321,284,335	308,759,202	130,119	18,247	308,777,449
Passenger Coach and Combination Cars.....	9,425,849	8,957,284	44,746,106	41,126,666	50,083,950
Sleeping, Parlor and Observation Cars.....	1,045,044	983,348	36,551,553	34,414,951	35,398,299
Dining Cars.....	26,561	23,972	5,262,446	4,487,747	4,511,719
Other Cars.....	8,383,883	7,810,532	45,864,271	42,704,698	50,515,230
Motor Unit Cars.....	15,265	5,504	1,506,528	1,470,300	1,475,804
Caboose.....	28,282,006	26,725,323	276,243	275,455	27,000,778
TOTAL.....	1,098,233,328	1,040,703,110	134,651,754	124,575,688	1,165,278,798

WORK SERVICE

	Train Miles		Locomotive Miles		Car Miles
	1937	1936	1937	1936	1936
	1,011,347	1,807,781	1,260,064	2,118,723	3,351,888
				2,236,532	

STATISTICS OF RAIL-LINE OPERATION

	1937	1936
Average mileage of road operated.....	23,707.17	23,554.23
TON-MILES AND TRAIN-HOURS IN ROAD SERVICE:		
Gross ton-miles of cars, contents and cabooses.....	41,922,965,580	40,114,174,706
Net ton-miles of freight (revenue and non-revenue).....	16,992,725,238	16,587,021,385
Train hours in freight road service.....	1,840,929	1,776,024
REVENUE TRAFFIC:		
Tons of freight carried.....	47,037,720	43,451,052
Ton-miles—Revenue freight.....	15,165,051,267	14,813,796,415
Freight revenue.....	\$153,796,239.09	\$145,488,141.88
Passengers carried.....	10,888,476	10,098,973
Passenger-miles.....	953,460,137	831,271,084
Passenger revenue.....	\$ 18,944,767.04	\$ 17,021,745.88
AVERAGES:		
Miles per revenue ton.....	322.40	340.93
Miles per revenue passenger.....	87.57	82.31
Revenue per ton-mile.....	\$0.01014	\$0.00982
Revenue per passenger-mile.....	\$0.01987	\$0.02048
Revenue per ton.....	\$3.26964	\$3.34832
Revenue per passenger.....	\$1.73989	\$1.68549
AVERAGES PER MILE OF ROAD:		
Ton-miles—Revenue freight.....	636,718	625,956
Ton-miles—All freight.....	716,776	704,206
Passenger miles—Revenue.....	40,218	35,292
Gross revenue.....	\$8,368.63	\$7,922.59
Gross expenses.....	\$7,967.51	\$7,616.65
Net Railway operating income.....	\$ 401.12	\$ 305.94

EMPLOYEES AND THEIR COMPENSATION

	1937	1936	Increase	% Increase
*Average Number of Employees.....	79,471	78,836	635	.81
*Total Payroll.....	\$117,804,769.00	\$111,221,129.00	\$ 6,583,640.00	5.92
*Includes railway, express and telegraph employees. Excludes hotel and subsidiary company employees.				

DISTRIBUTION OF THE DOLLAR

	Operating Revenue Dollar		Operating Expense Dollar	
	1937	1936	1937	1936
Labour.....	.5459	.5494	.5990	.5979
Fuel.....	.0900	.0898	.0987	.0977
Other Expenses.....	.2753	.2797	.3023	.3044
Total Operating Expenses.....	.9112	.9189	\$1.00	\$1.00
Available for Taxes and other Accounts.....	.0888	.0811	—	—
Total.....	\$1.00	\$1.00	\$1.00	\$1.00
Maintenance of Way Accounts.....	.1776	.2027	.1949	.2206
Maintenance of Equipment Accounts.....	.2241	.2064	.2459	.2246
Traffic Accounts.....	.0251	.0254	.0276	.0276
Transportation Accounts.....	.4382	.4369	.4809	.4754
Miscellaneous Accounts.....	.0065	.0060	.0071	.0065
General Accounts.....	.0419	.0442	.0461	.0481
Transportation for Investment—Credit.....	.0022	.0027	.0025	.0028
Total Operating Expenses.....	.9112	.9189	\$1.00	\$1.00
Available for Taxes and other Accounts.....	.0888	.0811	—	—
Total.....	\$1.00	\$1.00	\$1.00	\$1.00

CANADIAN NATIONAL RAILWAYS

CONDENSED CONSOLIDATED BALANCE SHEET AT 31ST. DECEMBER, 1936
 SHOWING ADJUSTMENTS AS OF 1ST. JANUARY, 1937 AS AUTHORIZED BY
 THE CANADIAN NATIONAL RAILWAYS CAPITAL REVISION ACT, 1937

ASSETS	As Published 31st. December, 1936	Adjustments Authorized by Act	As Revised 1st. January, 1937
Investments:			
Investment in Road and Equipment	\$2,095,114,003.88	\$262,770,972.03	\$1,832,343,031.85
Improvements on Leased Railway Property	4,248,964.14	—	4,248,964.14
Miscellaneous Physical Property	59,814,644.23	—	59,814,644.23
Total Property Investment Account	\$2,159,177,612.25	\$262,770,972.03	\$1,896,406,640.22
Other Investments	38,375,619.84	—	38,375,619.84
Total Investments	\$2,197,553,232.09	\$262,770,972.03	\$1,934,782,260.06
Current Assets	67,365,730.50	—	67,365,730.50
Deferred Assets	18,633,881.57	—	18,633,881.57
Unadjusted Debits	16,816,124.59	—	16,816,124.59
	<u>\$2,300,368,968.75</u>	<u>\$262,770,972.03</u>	<u>\$2,037,597,996.72</u>
 LIABILITIES			
Capital Stocks owned by Dominion Government	\$ 265,628,338.70	\$ 265,628,338.70	\$ —
Capital Stocks owned by Public	4,584,100.00	—	4,584,100.00
Governmental Grants by Province of Canada	15,142,633.33	15,142,633.33	—
Other Grants	3,013,748.90	—	3,013,748.90
Funded Debt—Public	1,184,612,248.59	—	1,184,612,248.59
Loans from Dominion of Canada and Interest thereon	1,251,916,622.90	1,174,693,155.93	77,223,466.97
Dominion of Canada Expenditures for Canadian Government Railways:—			
Road and Equipment	388,290,263.52	388,290,263.52	—
Working Capital	16,771,980.54	—	16,771,980.54
Current Liabilities	35,351,859.26	—	35,351,859.26
Deferred Liabilities	3,331,771.52	—	3,331,771.52
Unadjusted Credits and Reserves	36,381,119.54	—	36,381,119.54
Profit and Loss Balance— <i>Deficit</i>	904,655,718.05	904,655,718.05	—
New Account authorized:			
Dominion Government — Proprietor's Equity (Represented by):—			
1,000,000 shares of no par value capital stock of the Canadian National Railway Company issued in exchange for the resid- ual value of Canadian Northern capital stock	\$ 18,000,000.00		
5,000,000 shares of no par value capital stock issued by Securities Trust to the Government in consideration for the securities, advances, claims for unpaid interest and collateral security held by Government	270,037,437.88		
Dominion Government Capital Expendi- tures for Canadian Government Railways	<u>388,290,263.52</u>	<u>676,327,701.40</u>	<u>676,327,701.40</u>
	<u>\$2,300,368,968.75</u>	<u>\$ 262,770,972.03</u>	<u>\$2,037,597,996.72</u>

OPERATED MILEAGE, DECEMBER, 31, 1937

Territory	Mileage owned by Constituent Companies				Mileage of Lines under Lease or Contract		Mileage of Trackage Rights				Total Operated Road Mileage				Spurs Sidings and Yard Tracks
	1st Main Track	2nd Main Track	3rd Main Track	4th Main Track	1st Main Track	2nd Main Track	1st Main Track	2nd Main Track	3rd Main Track	4th & Other Main Track	1st Main Track	2nd Main Track	3rd Main Track	4th & Other Main Track	
Eastern Lines.....	Miles 3,240.16	Miles 45.92	Miles	Miles	Miles 6.41	Miles	Miles 82.95	Miles	Miles	Miles	Miles 3,329.52	Miles 45.92	Miles	Miles	Miles 854.30
Central Region (Exc. Lines East of Lewis and Diamond).....	7,058.70	716.01	15.91	9.82	337.08	9.31	31.22	25.17	2.13	4.10	7,427.00	750.49	18.04	13.92	2,501.99
Western Region.....	11,120.93	91.33			383.65	4.29	59.94	25.18			11,564.52	120.80			2,553.89
Grand Trunk Western Lines.....	905.67	363.18	10.62		60.06		61.40	6.33	1.36	0.99	1,027.13	369.51	11.98	0.99	819.53
Central Vermont Lines	271.18	0.63			125.18	0.03	58.79	32.75			455.15	33.41			167.25
*Total Mileage.....	22,596.64	1,217.07	26.53	9.82	912.38	13.63	294.30	89.43	3.49	5.09	23,803.32	1,320.13	30.02	14.91	6,896.96
Lines in Canada.....	21,188.78	852.69	15.91	9.82	570.39	12.49	165.96	44.84	2.13	4.10	21,925.13	910.02	18.04	13.92	5,749.51
Lines in United States.....	1,407.86	364.38	10.62		341.99	1.14	128.34	44.59	1.36	0.99	1,878.19	410.11	11.98	0.99	1,147.45

*Separately Operated Lines (Steam and Electric) not included.

